



California Fair Political Practices Commission

October 8, 1985

Jeffrey S. Bleaman
City Councilmember
City of Rancho Mirage
4 Radcliff Court
Rancho Mirage, CA 92270

Re: Your Request for Advice
Our File No. A-85-199

Dear Mr. Bleaman:

Thank you for your letter of September 9, 1985, concerning your filing obligations under the Political Reform Act. You indicated in your letter that you reported certain items on your statement of economic interests for the 1984 calendar year and you are now questioning your need to report these items.

Question 1

You and your spouse are the sole shareholders of Bleaman Associates, Inc., a general contractor, held through a revocable family trust. You conduct bookkeeping and payroll services out of your family home in Rancho Mirage, but the general contracting activity actually takes place in Los Angeles County. You asked if it is necessary that your investment in Bleaman Associates, Inc., be reported on your statement of economic interests since its major activity takes place outside your jurisdiction.

Government Code Section 82034 defines an investment to be any financial interest in a business entity owned directly, indirectly or beneficially by the public official if the business entity has real property in the jurisdiction, does business, plans to do business, or has done business within the jurisdiction. The Fair Political Practices Commission issued an opinion at the request of David R. Baty, No. 77-011, May 1, 1979, 5 FPPC Opinions 10 which provides:

...if an entity in which an official has an investment has no business contacts with the

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jurisdiction over which the official's authority extends, there is little need for disclosure of the official's investment in the entity.

The Baty Opinion further stated that:

...where the entity in which the official has an investment has business contacts with the official's jurisdiction, there is a potential for conflicts of interest arising and substantial justification for disclosure of the official's investment.

Since you conduct the corporation's business out of your home, the corporation has business contacts within your jurisdiction. Therefore, your investment interest in "Bleaman Associates, Inc." is reportable. You should report this interest on Schedule C - Investments and Interests in Real Property Held by Business Entities or Trusts, rather than on Schedule A. The same type of information is disclosed on Schedule C as on Schedule A, but you will be indicating at the top of this schedule the name of the family trust.

You should report on Schedule D the total gross income received from Bleaman Associates, Inc. On Schedule H you should disclose the names of any clients or customers who are located in, or doing business in, the City of Rancho Mirage, and from whom Bleaman Associates, Inc., has received gross income of \$10,000 or more.

Government Code Section 87206 provides that an interest in real property does not include the principal residence of the filer which is used exclusively as his personal residence. Since you utilize your residence as a place of business, the residence should be reported on Schedule B.

Question 2

You next asked if your investment in Bleaman Investments is reportable. Bleaman Investments' sole activity is the ownership of an office building in Carson, California. This office building is leased and rental checks are mailed to your Rancho Mirage post office box. Bookkeeping services for Bleaman Investments are conducted out of your home. Again, since the business office and the address to which rental checks are mailed are located within your jurisdiction, Bleaman Investments must be reported on Schedule A. You do not have to report your interest in the office building on Schedule B,

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however, since the building is located out of your jurisdiction. The gross income received from Bleaman Investments is reportable on Schedule D. The names of renters who are located or do business in your jurisdiction, and who pay annual rent which is large enough that your pro rata share of the rent, combined with half your wife's share, is \$10,000 or more, should be disclosed on Schedule H.

Question 3

You are a member of a golf and tennis club located in Rancho Mirage. The club is comprised of 500 "equity members." Memberships are bought and sold by a member to a subsequent member, keeping the membership to 500. The club owns the tennis courts, club house, golf course, etc.

A membership in a golf or tennis club is not a reportable investment unless (1) the club is operated for profit and is, as a result, a "business entity," and (2) your membership entitles you either to a share in the assets of the club in the event of the club's dissolution, or to a share in the club's profits.

I hope this answers all of your questions. If you have further questions or concerns, please feel free to contact me.

Sincerely,

Jeanette E. Turvill
Legal Assistant
Legal Division

JET:nwm

9 September 1985

Fair Political Practices Commission
P.O. Box 807
Sacramento, CA 95804

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Dear Commission:

I would appreciate your giving me a ruling on my requirement to specify certain items on Form 721 (Statement of Economic Interests). These are items I did list on my 1985 statement when I ran for City Councilman in Rancho Mirage. However, I have been led to believe that based upon the circumstances surrounding each, that I may not be required to have listed these and thus would prefer not on my 1986 statement, if not required by law. If I may, I will describe each item separately.


1. My wife and I, through a revocable family trust, are the sole holders of stock in a corporation called "Bleaman Associates, Inc.". I am President and Chief Financial Officer and my wife is Secretary. My brother, Bruce Bleaman is Vice-President. I license the corporation as a General Contractor (B-1) and my brother as a Real Estate Brokerage firm. In addition, I am a licensed Architect. I have two construction employees who are located in the Los Angeles area, as is my brother. I have a home office where I received telephone calls and keep the corporation books. I carry out no business activities other than those associated with bookkeeping through the receipt and sending out of mail at a P.O. box and conversations via the telephone. Active business (construction & real estate activity) does not take me closer than 60 miles of Rancho Mirage. I mail payroll checks to my Los Angeles employees and they carryout business in the Los Angeles area essentially independent of me, with clients either mailing me payments or my employees mailing me these receipts. Is it required that Bleaman Associates, Inc. be listed on Schedule "A", as an investment.

2. I have a general partnership called "Bleaman Investments", in which the general partners are my wife, myself and my brother. The sole activity and holding of Bleaman Investments relates to the ownership of an office building in Carson, CA (approximately 100 miles from Rancho Mirage) which is leased to the State of California as an Employment Development Department. Rental checks are mailed to my Rancho Mirage P.O. Box and I do the bookkeeping in my home. Is it required that Bleaman Investments be listed on Schedule "A", as an investment.

3. I am a member of a Golf/Tennis Club called "The Springs", located in Rancho Mirage. The club is comprised of 500 members who are "equity members", i.e. memberships are purchased and sold by a member to a subsequent members, keeping this type of membership limited to 500. The club owns the facilities, i.e. club house, golf course etc. In addition, there is a membership classification who cannot use the golf course, but only the tennis facilities and pay a non-reimbursable initiation fee. Is it required that this club membership be listed on Schedule "A", as an investment or on Schedule "B", Interests in Real Estate.

Your response to my inquiry would be most appreciated. If I need answer any other questions, please feel free to call or write.

Sincerely,


Jeffrey S. Bleaman, City Councilman
4 Radcliff Court
Rancho Mirage, CA 92270
(619) 328-0850